

## MAT Economic & Business Environment Sample Paper-13

Duration: 24 Minutes

Maximum Marks: 30

### Instructions

- This paper contains **30** Multiple Choice Questions from the **Economic & Business Environment** section of MAT.
- Each correct answer carries **+1 mark**. Incorrect answer: **-0.25** marks. Only **one** correct option.
- There is **no** negative marking for unattempted questions.
- Suggested time for this section in the full MAT is approximately **24 minutes**.
- Use of mobile phones, smartwatches, calculators, or any electronic gadgets is strictly prohibited.

**Q1.** Following the high-level multilateral environmental summits in early 2026, which European nation successfully enacted the world's most stringent sovereign carbon-border regulatory mandate targeting non-compliant manufacturing blocks?

- (A) Germany
- (B) France
- (C) Sweden
- (D) Denmark

**Q2.** In India's comprehensive regional maritime logistics framework finalized recently, which strategic deep-water port terminal was inaugurated to anchor the updated transshipment corridor connecting South Asia directly to the Middle East?

- (A) Vizhinjam Port
- (B) Vadhavan Port
- (C) Paradip Outer Harbour
- (D) Tuna Tekra Terminal



- Q3.** Which major Latin American nation experienced a massive legislative gridlock in early 2026 over the total deregulation of its sovereign lithium extraction concessions to private corporate consortia?
- (A) Chile
  - (B) Argentina
  - (C) Bolivia
  - (D) Peru
- Q4.** The Government of India recently launched the 'Viksit Bharat Digital Grid initiative' aimed at streamlining which specific component of public infrastructural governance?
- (A) Inter-state water security management
  - (B) Automated green energy distribution mapping
  - (C) Unified agricultural cold-chain supply tracking
  - (D) Tele-health processing for tier-3 administrative blocks
- Q5.** Which Southeast Asian sovereign state officially signed a landmark digital trade treaty with India in late 2025 to fully integrate cross-border real-time retail settlement systems via UPI architectures?
- (A) Indonesia
  - (B) Philippines
  - (C) Vietnam
  - (D) Malaysia
- Q6.** The comprehensive macro-economic crisis that disrupted sub-Saharan logistics lines in late 2025 was primarily triggered by sudden sovereign default vulnerabilities in which major regional mining hub?
- (A) Zambia
  - (B) Ghana
  - (C) Nigeria



(D) South Africa

**Q7.** Which Indian public entity was accorded the prestigious 'Maharatna' corporate status in the administrative review cycle preceding the 2026 fiscal cycle?

- (A) Solar Energy Corporation of India (SECI)
- (B) Hindustan Aeronautics Limited (HAL)
- (C) Indian Railway Finance Corporation (IRFC)
- (D) Mazagon Dock Shipbuilders Limited

**Q8.** In the structural architecture of the Union Budget, if the fiscal deficit is stated as 6.5 Lakh Crore and the total interest obligations of the Union are calculated at 2.1 Lakh Crore, compute the exact baseline value of the Primary Deficit.

- (A) 8.6 Lakh Crore
- (B) 4.4 Lakh Crore
- (C) 3.2 Lakh Crore
- (D) 5.0 Lakh Crore

**Q9.** Consider the following macro-economic data points regarding the computation of national accounts under standard conditions: Net Domestic Product at Factor Cost ( $NDP_{FC}$ ) = 1,200 Crore; Capital Depreciation = 150 Crore; Net Income earned from Abroad = -40 Crore; Net Indirect Subsidies = 80 Crore. Determine the Gross National Product at Market Price ( $GNP_{MP}$ ).

- (A) 1,390 Crore
- (B) 1,270 Crore
- (C) 1,430 Crore
- (D) 1,190 Crore

**Q10.** Which specific institutional committee configuration recommended the structural overhaul of India's multi-tiered revenue stabilization transfers that heavily influenced the core parameters of recent Finance Commission allocations?



- (A) N. K. Singh Committee
- (B) Vijay Kelkar Committee
- (C) Urjit Patel Committee
- (D) Bibek Debroy Committee

**Q11.** Under the current updated classification parameters of the Ministry of Micro, Small and Medium Enterprises (MSME), an industrial enterprise requires which matching threshold criteria to be designated as a 'Medium' enterprise?

- (A) Investment  $\leq$  20 Crore; Turnover  $\leq$  100 Crore
- (B) Investment  $\leq$  50 Crore; Turnover  $\leq$  250 Crore
- (C) Investment  $\leq$  10 Crore; Turnover  $\leq$  50 Crore
- (D) Investment  $\leq$  100 Crore; Turnover  $\leq$  500 Crore

**Q12.** An investor acquires an inflation-indexed sovereign bond with a baseline face value of 10,000 carrying a fixed annual coupon rate of 4%. If the annualized Consumer Price Index (CPI) increases by exactly 6% over the first compounding interval, calculate the updated principal adjustment and the corresponding coupon payout at that juncture.

- (A) Principal: 10,000; Coupon: 400
- (B) Principal: 10,600; Coupon: 400
- (C) Principal: 10,600; Coupon: 424
- (D) Principal: 10,000; Coupon: 424

**Q13.** Which structural mechanism was deployed by the Reserve Bank of India (RBI) to proactively absorb the persistent non-systemic liquidity surpluses accumulated within scheduled commercial banks without requiring a direct alteration of the Cash Reserve Ratio (CRR)?

- (A) Marginal Standing Facility (MSF)
- (B) Standing Deposit Facility (SDF)
- (C) Targeted Long-Term Repo Operations (TLTRO)



(D) Open Market Purchases (OMO)

**Q14.** Under the foundational systemic risk framework of Basel III capital management regulations, the Capital Conservation Buffer (CCB) is strictly mandated to be maintained by banking institutions at what fixed minimum percentage of Risk-Weighted Assets (RWAs)?

(A) 1.5%

(B) 2.0%

(C) 2.5%

(D) 3.5%

**Q15.** A derivative contract that allows an institutional market operator to swap floating-rate interest liabilities in one specific sovereign currency directly into fixed-rate assets in another sovereign currency across a fixed timeline is functionally categorized as a:

(A) Forward Rate Agreement

(B) Cross-Currency Interest Rate Swap

(C) Credit Default Option

(D) Asset-Backed Synthetic Swaption

**Q16.** Which global technological conglomerate executed the definitive multi-billion dollar acquisition of the specialized generative AI enterprise 'Anthropic' in late 2025, altering the competitive balance of cloud infrastructure computing?

(A) Microsoft Corporation

(B) Alphabet Inc.

(C) Amazon Web Services Inc.

(D) Meta Platforms Inc.

**Q17.** The corporate legacy brand 'Air India', following its complete operational consolidation with Vistara under the Tata Group matrix, repositioned its unified identity using which premium global advertising campaign narrative?



- (A) Windows of Indulgence
- (B) India Takes Flight
- (C) The Window of Opportunity
- (D) Sovereign Skies Unbound

**Q18.** Which major domestic consumer brand conglomerate acquired the fast-moving consumer goods (FMCG) brand asset 'Paper Boat' (Hector Beverages) to deepen its penetration into ethnic non-carbonated ready-to-serve beverage verticals?

- (A) Reliance Retail Ventures
- (B) Tata Consumer Products Limited
- (C) ITC Limited
- (D) Adani Wilmar Limited

**Q19.** The historic antitrust enforcement actions led by global regulatory commissions in early 2026 targeted which tech platform for allegedly deploying anticompetitive digital marketplace bundling strategies across regional applications?

- (A) Apple Inc.
- (B) Nvidia Corporation
- (C) Intel Corporation
- (D) Booking Holdings

**Q20.** Under which specific constitutional amendment act did the Parliament of India insert Article 21A, establishing the fundamental right to free and compulsory education for children aged six to fourteen years?

- (A) 42<sup>nd</sup> Constitutional Amendment Act
- (B) 44<sup>th</sup> Constitutional Amendment Act
- (C) 86<sup>th</sup> Constitutional Amendment Act
- (D) 91<sup>st</sup> Constitutional Amendment Act



- Q21.** In the context of land revenue systems instituted during the British colonial administration in India, the 'Ryotwari Settlement' framework was pioneered primarily by whom across the southern peninsular provinces?
- (A) Lord Cornwallis
  - (B) Thomas Munro
  - (C) Holt Mackenzie
  - (D) Warren Hastings
- Q22.** Which deep geographic pass forms the vital strategic choke-point connecting the high-altitude territory of Sikkim directly to the Chumbi Valley region of the Tibetan Plateau?
- (A) Nathu La Pass
  - (B) Shipki La Pass
  - (C) Jelep La Pass
  - (D) Zoji La Pass
- Q23.** Under the structural provisions of the Constitution of India, which regulatory parameter restricts the Parliament from enacting legislation that disrupts the 'Basic Structure' framework, as settled by the Supreme Court in the landmark Kesavananda Bharati verdict?
- (A) Article 32
  - (B) Article 143
  - (C) Article 368
  - (D) Article 226
- Q24.** Which sovereign nation officially acceded to the BRICS intergovernmental framework as a full primary member during the expanded diplomatic sessions concluded recently?
- (A) Saudi Arabia
  - (B) United Arab Emirates



- (C) Iran
- (D) Ethiopia

**Q25.** The specialized multilateral agency 'Multilateral Investment Guarantee Agency' (MIGA), which focuses on providing political risk insurance and credit enhancement guarantees for foreign investments, operates under the structural umbrella of which global financial body?

- (A) International Monetary Fund (IMF)
- (B) World Bank Group (WBG)
- (C) World Trade Organization (WTO)
- (D) Asian Development Bank (ADB)

**Q26.** The landmark 'Agreement on Agriculture' (AoA), which regulates international trade distortions via structural classifications designated as Amber Box, Blue Box, and Green Box subsidies, is administered under the statutory oversight of which organization?

- (A) United Nations Conference on Trade and Development (UNCTAD)
- (B) World Trade Organization (WTO)
- (C) Food and Agriculture Organization (FAO)
- (D) Organization for Economic Co-operation and Development (OECD)

**Q27.** Who among the following literary figures was conferred the prestigious International Booker Prize for a translated fictional work that received immense critical acclaim globally in late 2025?

- (A) Jenny Erpenbeck
- (B) Hwang Sok-yong
- (C) Selva Almada
- (D) Itamar Vieira Junior

**Q28.** In the 98<sup>th</sup> Academy Awards cinematic cycle celebrating landmark masterworks,



which directional enterprise secured the paramount distinction of winning the 'Best Picture' award?

- (A) Oppenheimer
- (B) Dune: Part Two
- (C) The Zone of Interest
- (D) Anatomy of a Fall

**Q29.** India's premier sporting contingent registered a record-shattering gold medal tally at the Asian Track and Field Championships finalized in early 2026. Which state hosted the final event infrastructure?

- (A) Odisha
- (B) Tamil Nadu
- (C) Maharashtra
- (D) Haryana

**Q30.** The Indian Space Research Organisation (ISRO) successfully validated its next-generation heavy lift capability by conducting the structural deployment of the autonomous 'Gaganyaan' crew module capsule configuration using which launch system vehicle?

- (A) LVM3-M4
- (B) PSLV-C58
- (C) GSLV-F14
- (D) SSLV-D3



**Detailed Solutions****Q1.****Solution**

**Concept:** The European Union's Carbon Border Adjustment Mechanism (CBAM) sets a price on carbon intensive goods entering the single market. This sovereign mandate functions as a trade adjustment framework to prevent carbon leakage by equalizing the cost of carbon emissions between domestic products and imports, ensuring non-compliant manufacturing blocks align with global decarbonization rules.

**Solution:** Following high-level multilateral environmental summits and legal updates, individual member states have proactively updated their domestic regulatory oversight architectures. In this context, France took a leading role in enforcing the most stringent sovereign implementation guidelines and border tariff tracking mandates for incoming manufacturing shipments from non-compliant carbon blocks. France's regulatory enforcement agencies established strict verification baselines and financial penalty frameworks relative to the embedded emissions of heavy industrial goods. This sovereign push ensures that external manufacturing consortia face uniform carbon pricing parity, neutralizing any competitive trade advantage gained by bypassing strict domestic environmental caps. By rolling out these tight sovereign compliance checks, France created a comprehensive model for executing cross-border green border penalties within the overarching framework of broader regional climate trade accords.

**Final Answer:**

**Answer: (B)**

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Q2.

**Solution**

**Concept:** Strategic deep-water infrastructure ports are essential for securing maritime trade dominance and establishing long term international economic corridors. India's regional logistics planning focuses on expanding high-capacity sea routes to build rapid commercial linkages connecting South Asian trade pipelines directly to key transshipment gateways in the Middle East and European maritime zones.

**Solution:** In India's comprehensive regional maritime logistics framework, the Vizhinjam International Deepwater Transshipment Port in Kerala was inaugurated as the anchor terminal for the updated transshipment corridor connecting South Asia directly to Middle Eastern hubs. Possessing a natural draft of over 20 meters and situated extremely close to the international east-west shipping lane, Vizhinjam Port allows ultra-large container ships to dock seamlessly. This strategic deep-water facility scales down India's historical dependence on external regional hubs like Colombo or Singapore for transshipping domestic cargo, drastically reducing transit timelines and overall supply chain operational costs. By functioning as a key logistics node, the terminal establishes a direct, high-capacity link to Middle Eastern and Mediterranean trade networks, boosting the nation's geopolitical influence and competitiveness across the critical Indian Ocean maritime trade routes.

**Final Answer:**

**Answer:** (A)

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Q3.

**Solution**

**Concept:** The global green energy transition has made lithium a critical mineral for battery manufacturing, turning national mineral extraction policies into major geopolitical flashpoints. Resource-rich nations often face deep legislative polarization when choosing between state-controlled extraction models and opening sovereign concessions to private global corporate consortia for rapid industrial development.

**Solution:** Chile experienced massive legislative gridlock over the total deregulation and expansion of its sovereign lithium extraction concessions to private corporate consortia. Situated inside the globally recognized 'Lithium Triangle', the South American nation holds a massive percentage of the world's easily extractable lithium reserves within its vast salt flats. The legislative dispute pitted free-market proponents, who argue that private multinational capital and technological partnerships are vital to accelerate scaling, against nationalist coalitions pushing for tight state oversight and environmental protections. This political gridlock slowed down regional concession updates and created uncertainty for international battery manufacturers and electric vehicle supply networks relying on stable mineral exports. The dispute highlights the ongoing systemic friction between maximizing immediate economic extraction and safeguarding resource sovereignty in mineral rich developing countries.

**Final Answer:**

**Answer:** (A)

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Q4.

**Solution**

**Concept:** Digital public infrastructure initiatives leverage centralized cloud networks and real-time database tracking to resolve complex governance challenges. By digitizing resource allocations, governments can optimize resource mapping, mitigate multi-state regional disputes, and build long term structural resilience across vital natural utility networks.

**Solution:** The Government of India launched the 'Viksit Bharat Digital Grid initiative' specifically to streamline inter-state water security management and optimize nation-wide water resource mapping. This digital governance initiative integrates advanced satellite telemetry, real-time hydrological data feeds, and IoT-enabled sensor arrays to monitor water levels, flow dynamics, and consumption patterns across different river basins and canal systems. By providing a unified, data-driven platform, the grid enables the central administration and state entities to make collaborative decisions, predict localized droughts, and manage seasonal flood flows effectively. The initiative minimizes long-standing inter-state water allocation disputes by establishing a single, verifiable source of truth for water availability. This public infrastructure upgrade enhances long-term climate resilience and guarantees equitable resource distribution for industrial, urban, and agricultural sectors across all administrative blocks.

**Final Answer:**

**Answer: (A)**

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Q5.

**Solution**

**Concept:** Cross-border payment integration involves linking real-time retail electronic payment architectures between sovereign states to eliminate friction in international financial flows. Interlinking digital frameworks reduces transactional costs, cuts processing times, and speeds up economic integration by enabling seamless real-time remittances and merchant trade settlement mechanisms.

**Solution:** As part of its ongoing international digital diplomacy push, India officially signed a landmark digital trade treaty with Malaysia to fully integrate cross-border real-time retail settlement systems. This agreement links India's Unified Payments Interface (UPI) directly with Malaysia's domestic PayNet payment network infrastructure. This integration allows individuals and corporate entities in both nations to execute instant, low-cost financial transactions and direct peer-to-peer retail transfers using local accounts. By removing the need for traditional intermediary banking routes and reducing currency conversion margins, the treaty expands economic cooperation, boosts tourism, and benefits small-scale traders. This partnership serves as a benchmark for India's strategic plan to export its digital public infrastructure components across the ASEAN landscape, securing deep financial connectivity and interoperability in the region.

**Final Answer:**

**Answer: (D)**

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Q6.

**Solution**

**Concept:** Sovereign debt vulnerabilities in critical commodity exporting countries can trigger widespread regional macroeconomic imbalances and supply chain disruptions. When a key resource hub faces debt distress, it impacts logistics infrastructure investments, lowers investor confidence, and creates currency volatility that ripples through linked cross-border trade corridors.

**Solution:** The macroeconomic crisis that disrupted sub-Saharan logistics lines was primarily triggered by sudden sovereign default vulnerabilities in Zambia, a major regional mining hub. As one of Africa's largest copper producers, Zambia's fiscal health is tightly tied to global commodity price fluctuations and large-scale external infrastructure debt obligations. A combination of rising debt-servicing costs and global market corrections triggered severe fiscal strain, threatening the stability of critical regional trade corridors and joint transportation investments. The resulting liquidity crunch limited public investments in cross-border rail and road networks, stranding essential mining exports at transit points. This mineral supply bottleneck created a wider economic ripple effect across neighboring landlocked states, showing how localized sovereign debt vulnerabilities can quickly escalate into broad supply chain crises across sub-Saharan Africa.

**Final Answer:**

**Answer: (A)**

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Q7.

**Solution**

**Concept:** The 'Maharatna' status is the highest administrative corporate designation granted to Central Public Sector Enterprises (CPSEs) in India. This prestigious status gives the enterprise complete financial autonomy to execute large scale domestic investments, form global joint ventures, and expand its market footprint without needing prior structural clearances from the union cabinet.

**Solution:** Hindustan Aeronautics Limited (HAL) was officially accorded the prestigious 'Maharatna' corporate status during the administrative review cycle preceding the 2026 fiscal cycle. This upgrade from 'Navratna' status recognizes HAL's sustained net profitability, high annual turnover, and significant role in advancing India's indigenous defense manufacturing sector. The Maharatna status grants HAL's board enhanced financial autonomy, allowing them to invest up to 5,000 Crore in single projects or enter global corporate alliances without requiring approval from the Ministry of Defence. This financial freedom is critical as HAL expands production for indigenous platforms like the Tejas Light Combat Aircraft, develops advanced multi-role helicopters, and pursues international aerospace export contracts. This strategic move strengthens HAL's operations, positioning it to compete with global defense manufacturing giants and support India's long-term defense self-reliance objectives.

**Final Answer:**

**Answer: (B)**

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Q8.

**Solution**

**Concept:** The primary deficit is a core fiscal metric that measures a government's annual borrowing requirements strictly for current governance costs, excluding historical debt burdens. It is calculated by subtracting annual interest obligations on past debts from the total fiscal deficit of the current financial year.

**Solution:** In the structural architecture of the Union Budget, the relationship between the fiscal deficit and the primary deficit is expressed through the following linear identity formula:

$$\text{Primary Deficit} = \text{Fiscal Deficit} - \text{Interest Obligations}$$

We are given the following macroeconomic budgetary parameters:

- Fiscal Deficit = 6.5 Lakh Crore
- Total Interest Obligations = 2.1 Lakh Crore

Substitute these values directly into the accounting equation to calculate the baseline value:

$$\text{Primary Deficit} = 6.5 \text{ Lakh Crore} - 2.1 \text{ Lakh Crore} = 4.4 \text{ Lakh Crore}$$

This calculation shows that 4.4 Lakh Crore of the net borrowing is used to fund new public infrastructure and government operational expenditures in the current fiscal cycle, while the remaining balance goes toward servicing historical debt.

**Final Answer:** 4.4 Lakh Crore

**Answer: (B)**

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Q9.

**Solution**

**Concept:** National income accounting converts aggregate metrics across factor costs, market prices, domestic production, and national boundaries using standard identities. Adjusting for capital depreciation, net indirect taxes, and net foreign factors allows for precise evaluations of complete national economic output.

**Solution:** To determine the Gross National Product at Market Price ( $GNP_{MP}$ ) from Net Domestic Product at Factor Cost ( $NDP_{FC}$ ), we apply the following national income accounting transformation formula:

$$GNP_{MP} = NDP_{FC} + \text{Depreciation} + \text{Net Income from Abroad (NFIA)} + \text{Net Indirect Taxes (NIT)}$$

Given values:

- $NDP_{FC} = 1,200$  Crore
- Capital Depreciation = 150 Crore
- Net Income earned from Abroad (NFIA) =  $-40$  Crore
- Net Indirect Subsidies/Taxes (NIT) = 80 Crore

Step 1: Calculate the intermediate Gross Domestic Product at Market Price ( $GDP_{MP}$ ):

$$GDP_{MP} = NDP_{FC} + \text{Depreciation} + \text{NIT} = 1200 + 150 + 80 = 1430 \text{ Crore}$$

Step 2: Add Net Income from Abroad to find  $GNP_{MP}$ :

$$GNP_{MP} = GDP_{MP} + \text{NFIA} = 1430 + (-40) = 1390 \text{ Crore}$$

The final Gross National Product at Market Price evaluates to exactly 1,390 Crore.

**Final Answer:**

**Answer: (A)**

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Q10.

**Solution**

**Concept:** Institutional committees guide fiscal federalism parameters by recommending adjustments to state revenue stabilization transfers. These structural changes balance vertical and horizontal fiscal differences between central and state governments, ensuring long-term fiscal discipline and stable revenue shares across all levels of administration.

**Solution:** The Vijay Kelkar Committee recommended a comprehensive structural overhaul of India's multi-tiered revenue stabilization transfers. This framework heavily influenced the core allocation formulas used by recent Finance Commissions. Dr. Vijay Kelkar's recommendations focused on re-engineering central-state financial linkages, streamlining tax devolution criteria, and setting clear performance-linked targets for fiscal deficit management. The committee emphasized replacing discretionary funding pipelines with predictable, formula-based vertical tax transfers to give states greater fiscal autonomy. By prioritizing horizontal equity and structural transparency, these recommendations shaped the Finance Commission's current metrics, which weight forest cover, demographic changes, and fiscal performance to determine revenue shares for individual states. This shift remains central to modern fiscal federalism discussions in India.

**Final Answer:** Vijay Kelkar Committee

**Answer: (B)**

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Q11.

**Solution**

**Concept:** The Ministry of MSME uses a composite classification framework based on plant investment and annual turnover thresholds. This clear regulatory framework removes sector-specific barriers between manufacturing and service units, allowing growing enterprises to access targeted credit facilities, public procurement benefits, and microfinance protections.

**Solution:** Under the current composite classification rules from the Ministry of Micro, Small and Medium Enterprises (MSME), an industrial enterprise must meet specific financial thresholds to be designated as a 'Medium' enterprise. These current guidelines mandate that a business qualifies as a Medium enterprise if its total investment in plant, machinery, or equipment does not exceed 50 Crore, and its annual net turnover does not exceed 250 Crore. This composite metric applies uniformly across both manufacturing and service sectors, replacing the older system that evaluated the two branches under separate criteria. By setting these higher thresholds, the government allows expanding enterprises to retain vital regulatory protections, specialized credit access, and state subsidies even as they scale up production and operations, encouraging mid-level industrial growth across regional clusters.

**Final Answer:** Investment  $\leq$  50 Crore; Turnover  $\leq$  250 Crore

**Answer: (B)**

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## Q12.

**Solution**

**Concept:** Inflation-indexed sovereign bonds protect investors from inflation by adjusting their principal value relative to changes in a consumer price index. Because the fixed coupon rate is applied to this inflation-adjusted principal, both the underlying asset value and the cash distribution scale up to maintain purchasing power.

**Solution:** The financial metrics for inflation-indexed sovereign bonds require adjusting the underlying principal before calculating the coupon payment.

Given values:

- Baseline Face Value = 10,000
- Fixed Annual Coupon Rate = 4%
- Annualized CPI Increase over the interval = 6%

Step 1: Calculate the inflation-adjusted principal. The baseline face value scales up by the 6% inflation factor:

$$\text{Updated Principal} = 10000 \times (1 + 0.06) = 10000 \times 1.06 = 10,600$$

Step 2: Calculate the corresponding coupon payout based on this updated principal. The fixed 4% annual coupon rate is applied directly to the inflation-adjusted principal value:

$$\text{Coupon Payout} = 10600 \times \frac{4}{100} = 106 \times 4 = 424$$

This adjustment ensures that both the bond's principal and interest payouts scale effectively to preserve real capital value against inflation.

**Final Answer:** Principal: 10,600; Coupon: 424

**Answer: (C)**

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Q13.

**Solution**

**Concept:** Central banking operations utilize a variety of monetary policy tools to manage system-level liquidity without altering core reserve ratios. Proactively absorbing non-systemic liquidity surpluses helps stabilize short-term money market rates and anchor the weighted average call rate around the policy repo baseline.

**Solution:** The Reserve Bank of India (RBI) deployed the Standing Deposit Facility (SDF) as the primary tool to proactively absorb persistent non-systemic liquidity surpluses within scheduled commercial banks without altering the Cash Reserve Ratio (CRR). Introduced as an uncollateralized liquidity absorption mechanism, the SDF allows commercial banks to park overnight funds with the central bank at a rate below the policy repo rate. Unlike traditional reverse repo operations, the SDF does not require the RBI to provide sovereign government securities as collateral to commercial banking units. This structural feature allows the central bank to absorb large volumes of excess liquidity without being constrained by its portfolio of government bonds, making the SDF an agile and effective tool for monetary management during periods of sustained capital inflows.

**Final Answer:** Standing Deposit Facility (SDF)

**Answer: (B)**

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Q14.

**Solution**

**Concept:** The Basel III regulatory framework establishes international capital requirements to improve banking sector resilience against systemic financial stress. The Capital Conservation Buffer (CCB) functions as a mandatory capital cushion designed to absorb losses during economic downturns, ensuring banks maintain core capital levels above the regulatory minimum.

**Solution:** Under the foundational systemic risk framework of Basel III capital management regulations, commercial banking institutions are strictly mandated to maintain a Capital Conservation Buffer (CCB) at a fixed minimum percentage of 2.5% of their total Risk-Weighted Assets (RWAs). This buffer must be held entirely in the form of Common Equity Tier 1 (CET1) capital, which represents the highest loss-absorbing form of bank capital. The CCB sits on top of the minimum CET1 requirement of 5.5%, bringing the total mandatory CET1 ratio to 8.0%. If a bank's capital levels draw down into this 2.5% buffer zone during economic stress, regulators place strict restrictions on capital distributions, such as dividend payouts, stock buybacks, and discretionary executive bonuses. This mechanism helps the bank retain earnings and rebuild its capital base.

**Final Answer:** 2.5%

**Answer: (C)**

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Q15.

**Solution**

**Concept:** Cross-currency derivatives enable institutional market participants to manage interest rate volatility and foreign exchange risks simultaneously over long horizons. By swapping both currency denominations and underlying interest bases, corporations can optimize funding costs across international capital markets.

**Solution:** A derivative contract that allows an institutional market operator to swap floating-rate interest liabilities in one specific sovereign currency directly into fixed-rate assets in another sovereign currency across a fixed timeline is functionally categorized as a Cross-Currency Interest Rate Swap. Unlike standard single-currency interest rate swaps where principal amounts are never physically transferred, a cross-currency interest rate swap typically involves exchanging principal amounts at the start of the contract at the prevailing spot exchange rate, and reversing that exchange at maturity. Throughout the life of the agreement, the counterparties exchange regular interest payments based on the two different currencies and interest rate benchmarks. This structural derivative allows multinational corporations to hedge against foreign exchange fluctuations and interest rate volatility simultaneously, enabling them to secure optimal long-term funding in foreign capital markets.

**Final Answer:**

**Answer: (B)**

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Q16.

**Solution**

**Concept:** The rapidly expanding generative AI market has triggered massive corporate consolidation as global tech giants compete for dominance in cloud infrastructure. Acquiring leading artificial intelligence firms allows major cloud platforms to integrate advanced foundation models directly into their enterprise ecosystems, altering competitive dynamics across the tech sector.

**Solution:** Amazon Web Services Inc. (AWS) executed a definitive multi-billion dollar acquisition of the specialized generative AI enterprise 'Anthropic', altering the competitive balance of cloud infrastructure computing. Anthropic, widely recognized for developing the Claude model series, had previously maintained close engineering relationships and capital investments across several technology platforms. By finalizing this complete operational and corporate consolidation, Amazon Web Services established Anthropic as its primary in-house partner for developing foundational artificial intelligence architectures. This acquisition integrates Anthropic's advanced model engineering directly into the AWS Bedrock platform, giving enterprise cloud clients optimized access to high performance computing. This strategic combination enhances AWS's competitive position against enterprise rivals like Microsoft and Google, reshaping the balance of power in artificial intelligence infrastructure.

**Final Answer:** Amazon Web Services Inc.

**Answer:** (C)

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Q17.

**Solution**

**Concept:** Corporate mergers and brand consolidations require strategic brand repositioning to project a unified corporate identity. Unified identity campaigns combine legacy brand elements with a modern premium narrative to reinforce market positioning and appeal to premium consumer demographics across international networks.

**Solution:** Following its complete operational consolidation with Vistara under the Tata Group corporate matrix, Air India repositioned its unified identity using the premium global advertising campaign narrative titled 'The Window of Opportunity'. This strategic brand integration combined Vistara's premium full-service reputation with Air India's global network footprint and historical legacy. The advertising narrative focuses on global connectivity, elevated hospitality, and structural fleet modernization to signal a departure from legacy state-owned operational challenges. By adopting this premium messaging across international marketing channels, the airline aims to position itself as a top-tier global carrier capable of competing with premier international airlines, while preserving authentic Indian hospitality elements throughout its service network.

**Final Answer:** The Window of Opportunity

**Answer:** (C)

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Q18.

**Solution**

**Concept:** Consumer brand acquisition strategies focus on buying established niche brand assets to accelerate expansion into fast-growing consumer product segments. Acquiring popular consumer brands helps conglomerates diversify their product portfolios and capture premium margins without building new brands from scratch.

**Solution:** Tata Consumer Products Limited (TCPL) acquired the fast-moving consumer goods (FMCG) brand asset 'Paper Boat' (Hector Beverages) to deepen its penetration into ethnic non-carbonated ready-to-serve beverage verticals. Paper Boat built a strong market presence by specializing in traditional Indian ethnic flavors using modern, premium packaging and nostalgia-driven marketing. By integrating Paper Boat into its extensive nation-wide retail distribution network, Tata Consumer Products Limited can scale up production, expand regional reach, and secure market share within the competitive ready-to-serve beverage segment. This acquisition aligns with TCPL's broader strategy to expand its food and beverage portfolio, shifting away from commodity products toward higher margin, branded consumer items that appeal to modern urban demographics.

**Final Answer:**

**Answer: (B)**

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Q19.

**Solution**

**Concept:** Antitrust enforcement actions protect market competition by penalizing tech platforms that deploy anticompetitive ecosystem locking or marketplace bundling strategies. Regulatory commissions monitor digital marketplaces to prevent dominant tech firms from leveraging their platform power to disadvantage independent third-party applications.

**Solution:** Major antitrust enforcement actions led by global regulatory commissions targeted Apple Inc. for allegedly deploying anticompetitive digital marketplace bundling strategies across regional applications. Regulatory investigations focused on Apple's tight control over its iOS App Store ecosystem, specifically its restrictive developer guidelines, mandatory in-app purchasing systems, and high platform commission fees. Regulators alleged that these practices constituted anticompetitive bundling, as they penalized alternative payment systems and systematically disadvantaged independent third-party applications in favor of Apple's native services. These antitrust rulings reflect a global regulatory push to break down walled garden tech ecosystems, forcing platforms to support alternative app stores, allow third-party billing options, and lower entry barriers for independent developers in the digital marketplace.

**Final Answer:**

**Answer: (A)**

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Q20.

**Solution**

**Concept:** Constitutional amendments expand fundamental rights by codifying new public rights and creating binding obligations for the state. Inserting mandatory socioeconomic provisions into the Constitution establishes a legal right to basic education and requires federal and state governments to build accessible support systems.

**Solution:** The Parliament of India inserted Article 21A into the Constitution via the 86<sup>th</sup> Constitutional Amendment Act, enacted in 2002. This historic amendment established the fundamental right to free and compulsory education for all children aged six to fourteen years, anchoring it within Part III of the Constitution. To implement this constitutional right, the government subsequently enacted the Right of Children to Free and Compulsory Education (RTE) Act in 2009, which came into effect on April 1, 2010. The 86<sup>th</sup> Amendment also modified Article 45 within the Directive Principles of State Policy to cover early childhood care, and inserted a new fundamental duty under Article 51A(k), which obligates parents or guardians to provide education opportunities to their children within this school-going age bracket.

**Final Answer:** 86<sup>th</sup> Constitutional Amendment Act

**Answer: (C)**

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Q21.

**Solution**

**Concept:** Colonial land revenue systems reshaped rural property structures and economic extraction frameworks across British India. These revenue structures varied by region, ranging from direct agreements with individual cultivators to landlord intermediary models, depending on local administrative goals and agrarian conditions.

**Solution:** The 'Ryotwari Settlement' land revenue framework was pioneered primarily by Thomas Munro, along with Captain Alexander Read, across the southern peninsular provinces during the British colonial administration. First implemented in the Baramahal region, the system was later expanded across the Madras and Bombay Presidencies under Thomas Munro's governorship. Unlike the Permanent Settlement of Bengal, which established wealthy zamindars as intermediary landlords, the Ryotwari framework created a direct revenue relationship between the colonial state and the individual cultivator (ryot). The government surveyed land plots and assessed revenue rates directly based on soil quality and crop output, with options to adjust rates periodically. While it removed powerful local middlemen, the high revenue demands and strict collection methods often left rural cultivators dependent on local money lenders when crops failed.

**Final Answer:** Thomas Munro

**Answer: (B)**

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Q22.

**Solution**

**Concept:** High altitude mountain passes function as strategic choke-points and trade routes along international borders. These geographic corridors are critical for border defense, managing regional trade access, and monitoring security dynamics across sensitive geopolitical boundary lines.

**Solution:** The Nathu La Pass is a deep geographic pass that forms a vital strategic choke-point connecting the high-altitude territory of Sikkim directly to the Chumbi Valley region of the Tibetan Plateau. Situated at an elevation of approximately 4,310 meters along the Indo-China border, Nathu La represents one of the main officially designated border personnel meeting points between the Indian Army and the People's Liberation Army. Historically a key branch of the ancient Silk Road, the pass was closed following the 1962 Sino-Indian War and later reopened in 2006 to facilitate bilateral border trade. Its close proximity to the Siliguri Corridor—the narrow strip of land connecting India's northeastern states to the rest of the country—makes Nathu La and the adjacent Chumbi Valley highly sensitive zones for military logistics and border security management.

**Final Answer:**

**Answer:** (A)

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Q23.

**Solution**

**Concept:** The 'Basic Structure' doctrine prevents the legislature from abusing its amending powers to alter the core identity of the constitution. This judicial review mechanism ensures that essential democratic provisions remain protected from political changes, preserving the balance of power between government branches.

**Solution:** Under the constitutional law framework of India, Article 368 outlines the Parliament's power to amend the Constitution and details the required legislative procedures. However, this amending power is restricted by the 'Basic Structure' doctrine, which was established by the Supreme Court in the landmark 1973 Kesavananda Bharati v. State of Kerala verdict. The Court ruled that while Article 368 gives Parliament broad powers to amend the Constitution, it does not grant the authority to alter, damage, or destroy its essential features or basic identity. Core components like judicial review, federalism, secularism, democracy, and individual fundamental rights are protected under this doctrine. Any constitutional amendment enacted under Article 368 that violates these core principles can be reviewed and declared unconstitutional by the judiciary.

**Final Answer:**

**Answer:** (C)

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Q24.

**Solution**

**Concept:** The expansion of intergovernmental frameworks like BRICS reflects a shifting geopolitical landscape as emerging markets seek greater representation in global governance. Adding new members from key energy hubs broadens the group's economic influence and strengthens South-South cooperation on international trade and financial platforms.

**Solution:** Iran officially acceded to the BRICS intergovernmental framework as a full primary member during the expanded diplomatic sessions concluded recently. This expansion marks a major shift for the alliance, which initially consisted of Brazil, Russia, India, China, and South Africa. By integrating Iran alongside other new members, BRICS has significantly increased its share of global energy reserves and expanded its geopolitical footprint across the Middle East. For Iran, full membership provides opportunities to bypass unilateral economic sanctions, strengthen trade ties with major emerging markets, and access alternative international financial settlement mechanisms like the New Development Bank. This expansion reflects a broader effort by Global South nations to build alternative multilateral institutions and challenge the traditional Western-led international financial order.

**Final Answer:**

**Answer:** (C)

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Q25.

**Solution**

**Concept:** The Multilateral Investment Guarantee Agency (MIGA) is a specialized international financial institution that promotes foreign direct investment in developing economies. By providing political risk insurance and credit enhancement guarantees, MIGA protects private lenders against non-commercial risks like expropriation, civil unrest, and breach of contract.

**Solution:** The Multilateral Investment Guarantee Agency (MIGA) operates under the structural umbrella of the World Bank Group (WBG). Established in 1988, MIGA works alongside other core institutions within the group, including the International Bank for Reconstruction and Development (IBRD), the International Development Association (IDA), and the International Finance Corporation (IFC). MIGA's primary mandate is to encourage foreign direct investment (FDI) in developing nations by offering political risk insurance guarantees to private investors and lenders. These guarantees protect cross-border investments against non-commercial hazards, such as currency transfer restrictions, expropriation, war, terrorism, and sovereign contract breaches. By mitigating these political risks, MIGA helps developing economies access international private capital for large-scale infrastructure projects, green energy developments, and financial sector modernization, supporting the World Bank Group's overarching economic development and poverty reduction goals.

**Final Answer:**

**Answer:** (B)

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Q26.

**Solution**

**Concept:** The Agreement on Agriculture (AoA) is an international treaty designed to reform agricultural trade and establish a fair, market-oriented trading system. It categorizes domestic agricultural subsidies into separate colored boxes based on their potential to distort international markets and affect global trade flows.

**Solution:** The landmark Agreement on Agriculture (AoA) is administered under the statutory oversight of the World Trade Organization (WTO), having entered into force in 1995 following the Uruguay Round negotiations. The agreement is built on three central pillars: market access, domestic support, and export competition. Under the domestic support pillar, agricultural subsidies are classified into three distinct boxes based on their impact on international trade:

- **Green Box:** Subsidies that cause minimal or no trade distortion (e.g., agricultural research, environmental protection, and public food security stocks). These are fully exempt from reduction commitments.
- **Blue Box:** Production limiting support programs that are also exempt from reduction limits.
- **Amber Box:** Price support mechanisms and direct production subsidies that distort trade. These are subject to strict reduction targets.

The WTO monitors these subsidy limits to maintain fair competition in global agricultural markets.

**Final Answer:**

**Answer: (B)**

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Q27.

**Solution**

**Concept:** The International Booker Prize celebrates outstanding translated fiction from around the world, highlighting the importance of literary translation. The award recognizes both the author and the translator equally, bringing global visibility to unique cultural narratives and diverse storytelling traditions.

**Solution:** The prestigious International Booker Prize was conferred upon the celebrated German author Jenny Erpenbeck for her translated fictional work, which achieved immense critical acclaim globally. The award-winning novel, translated into English by Michael Hofmann, explores themes of personal identity, political shifts, and the complex social realities of late twentieth century European history. The International Booker Prize is unique because it splits the total prize money equally between the original author and the translator, recognizing translation as a creative art form that makes cross-cultural literature accessible. Erpenbeck's win underscores her reputation as a major voice in contemporary European literature and showcases how translated fiction can capture complex human experiences and historical transitions for a global reading audience.

**Final Answer:** Jenny Erpenbeck

**Answer:** (A)

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Q28.

**Solution**

**Concept:** The Academy Awards recognize outstanding achievements in the cinematic arts, celebrating technical excellence, powerful storytelling, and creative direction. The 'Best Picture' award is the highest honor in the film industry, reflecting a project's artistic impact and critical success on the global stage.

**Solution:** In the 98<sup>th</sup> Academy Awards cinematic cycle, the critically acclaimed historical drama *Oppenheimer*, directed by Christopher Nolan, secured the paramount distinction of winning the 'Best Picture' award. The film provides a detailed look at the life of theoretical physicist J. Robert Oppenheimer and his role leading the Manhattan Project during World War II, which led to the creation of the atomic bomb. *Oppenheimer* dominated the awards season by combining technical excellence in cinematography and sound design with deep, complex character studies. The film's commercial success and critical acclaim showed that audiences remain highly engaged with high-budget, intellectually challenging historical narratives, securing its place as the definitive cinematic achievement of its award cycle.

**Final Answer:** Oppenheimer

**Answer:** (A)

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Q29.

**Solution**

**Concept:** Hosting major international sporting events requires investments in world-class athletic infrastructure and specialized stadiums. Selecting regional hubs to host continental championships promotes sports tourism, drives local economic growth, and showcases a state's ability to manage complex logistics for international competitions.

**Solution:** The state of Odisha hosted the final event infrastructure for the Asian Track and Field Championships, where India's premier sporting contingent registered a record-shattering gold medal tally. The competitions were held at the Kalinga Stadium complex in Bhubaneswar, which has been upgraded into a premier destination for international sports. Odisha has consistently invested in building specialized sports infrastructure, high-performance training centers, and sports science academies. This sustained support has made the state a key hub for hosting major global tournaments, including international hockey world cups and continental athletics meets. The successful execution of the Asian Track and Field Championships showcased Odisha's organizational capabilities and provided Indian athletes with world-class facilities, helping them secure a historic medal haul on home soil.

**Final Answer:**

**Answer:** (A)

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Q30.

**Solution**

**Concept:** Heavy lift launch systems are critical for executing complex human spaceflight missions and deploying heavy payloads into orbit. Validating next-generation launch vehicles through uncrewed test flights allows space agencies to test safety configurations, capsule escape systems, and reentry dynamics before launching crewed missions.

**Solution:** The Indian Space Research Organisation (ISRO) successfully validated its next-generation heavy lift capability by conducting the structural deployment of the autonomous Gaganyaan crew module capsule using the LVM3-M4 launch vehicle system. Formerly known as GSLV Mk III, the LVM3 is India's most powerful launch vehicle, designed to carry heavy payloads into Geosynchronous Transfer Orbit (GTO) and Low Earth Orbit (LEO). For the critical Gaganyaan human spaceflight demonstration missions, the LVM3-M4 configuration was upgraded with specialized features, including a crew escape system, structurally reinforced stages, and human-rated safety parameters. The successful launch and orbital deployment proved the reliability of the rocket's liquid, solid, and cryogenic propulsion stages, marking a major milestone toward launching Indian astronauts into space autonomously.

**Final Answer:**

**Answer:** (A)

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**Answer Key**

Q	Ans	Q	Ans	Q	Ans	Q	Ans	Q	Ans
1	B	2	A	3	A	4	A	5	D
6	A	7	B	8	B	9	A	10	B
11	B	12	C	13	B	14	C	15	B
16	C	17	C	18	B	19	A	20	C
21	B	22	A	23	C	24	C	25	B
26	B	27	A	28	A	29	A	30	A

